

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-04 H-01 INR-07 L-03
NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15 USIA-06
TRSE-00 OMB-01 EB-08 ACDA-07 /074 W
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R 261810Z JAN 77
FM AMEMBASSY LONDON
TO SECSTATE WASHDC 9934
INFO AMEMBASSY BONN
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E.O. 11652: N/A
TAGS: PFOR, EEC, NATO, FRG, UK, EGEN, ETRD
SUBJECT: SCHMIDT VISIT

REF: LONDON 804

SUMMARY. SCHMIDT VISIT JANUARY 23-24 WENT EXTREMELY
WELL ACCORDING MEDIA REPORTS. FOR FIRST TIME, EX-
CHANGES INCLUDED BILATERAL EXCHANGES BETWEEN RESPEC-
TIVE MINISTERS ON FINANCE, ECONOMICS, FOREIGN AFFAIRS,
AND DEFENSE. SCHMIDT AND CALLAGHAN AGREED ON DE-
SIRABILITY OF SUMMIT MEETING OF WORLD LEADERS IN NEAR

FUTURE. NO FINAL AGREEMENT ANNOUNCED ON GERMAN OFFSET
FOR BRITISH FORCES ON RHINE. END SUMMARY.

1. IN LATEST OF BILATERAL EXCHANGES BETWEEN HEADS OF
GOVERNMENT, CHANCELLOR SCHMIDT VISITED LONDON
JANUARY 23-24, ACCOMPANIED FOR FIRST TIME BY GOVERNMENT
MINISTERS (FINANCE, ECONOMICS, DEFENSE AND FOREIGN AF-
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FAIRS) WHO HELD BILATERAL CONSULTATIONS WITH BRITISH
COUNTERPARTS. MEETINGS WERE CONDUCTED IN HARMONIOUS
ATMOSPHERE, ACCORDING TO MEDIA REPORTS. (SEE SEPTTEL
FOR SOME GERMAN EMBASSY IMPRESSIONS.)

2. NO FORMAL COMMUNIQUE WAS ISSUED AFTER TALKS. IN-

STEAD, CALLAGHAN AND SCHMIDT SUBJECTED THEMSELVES TO TELEVISION INTERVIEW BEFORE SCHMIDT'S DEPARTURE, WHICH CAUGHT OLEAGINOUS ATMOSPHERE OF TALKS. SCHMIDT SEEMED SOMEWHAT ILL AT EASE DURING INTERVIEW, CHAINSMOKING CIGARETTES AND SPEAKING WITH PRECISE LIPS, WHILE CALLAGHAN PLAYED UNCLE TO THE HILT.

3. IN TV INTERVIEW, CALLAGHAN NOTED HE HAD PRESSED SCHMIDT FOR REFLATION OF GERMAN ECONOMY TO STIMULATE WORLD AND BRITISH ECONOMY; SCHMIDT CAREFULLY SHOWED FRG DISINCLINATION ALONG THESE LINES. BOTH AGREED ON SERIOUSNESS OF UNEMPLOYMENT, AND ON DESIRABILITY OF WELL-PREPARED SUMMIT MEETING OF LEADING INDUSTRIALIZED COUNTRIES ON WORLD ECONOMIC PROBLEMS.

4. CALLAGHAN AND SCHMIDT BOTH REPORTED LACK OF AGREEMENT ON OFFSET BUT INDICATED AGREEMENT WOULD BE FORTHCOMING IN NEAR FUTURE. (IN RESPONSE TO A LATER QUESTION IN COMMONS, CALLAGHAN DENIED THAT SCHMIDT HAD SUGGESTED A FIGURE ON OFFSET.)

5. WITH REGARD TO BELGRADE CSCE, SCHMIDT AND CALLAGHAN AGREED MEETING WOULD PRESENT OPPORTUNITY FOR "STOCK-TAKING" IN ASSESSING FULFILLMENT OF HELSINKI AGREEMENT, BUT BOTH SHOWED DISINCLINATION TO MAKE BELGRADE A OOLEMICAL PLATFORM TO USE IN CLOBBERING THE SOVIETS.

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6. CALLAGHAN ISSUED STATEMENT IN HOUSE OF COMMONS ON JANUARY 25 WHICH GAVE FEW ADDITIONAL DETAILS, BUT CONCLUDED THAT UK-FRG RELATIONS ARE CLOSE AND IN GOOD REPAIR. MRS. THATCHER, AFTER THANKING THE PM FOR HIS STATEMENT, PRESSED FOR ADDITIONAL DETAILS (NON-FORTHCOMING) AND DREW ATTENTION TO BRITAIN'S FLOUNDERING ECONOMY COMPARED WITH THAT OF THE FRG. OTHER QUESTIONERS ZEROED IN ON FAILURE TO ACHIEVE OFFSET AGREEMENT, AND IN RESPONSE CALLAGHAN REAFFIRMED BRITISH COMMITMENT TO MAINTAIN NATO COMMITMENT UNTIL MULTILATERAL DISARMAMENT AGREEMENT REACHED.

7. THATCHER ALSO ASKED IF DISCUSSIONS HAD INCLUDED DIRECT ELECTIONS. CALLAGHAN SAID COMMUNITY MATTERS HAD BEEN DISCUSSED BUT NOT DIRECT ELECTIONS IN PARTICULAR, AND HE REAFFIRMED THE GOVERNMENT'S INTENTION TO INTRODUCE LEGISLATION IN THE CURRENT SESSION.
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8. COMMENT: WE HOPE TO PROVIDE ADDITIONAL DETAILS ON THE VISIT. BUT ON THE BASIS OF WHAT WE NOW KNOW AND WHAT THE MEDIA HAVE BEEN REPORTING, WE CONCLUDE THAT THE LATEST BILATERAL HAS RUN ITS COURSE SMOOTHLY WITHOUT SOME OF THE DIFFICULTIES SOME OF OUR FCO CONTACTS HAD BEEN EXPECTING. WE ATTRIBUTE SOME OF THE EXCESSIVE CORDIALITY AND BONHOMIE OF THE SOMEWHAT UNUSUAL POST-MEETINGS PRESS CONFERENCE TO AN EXPLICIT OR IMPLICIT AGREEMENT TO DISAGREE ON OFFSET AND ON REFLATION.

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Message Attributes

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Disposition Approved on Date:
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Disposition Date: 22 May 2009
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